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United Nations Industrial Development Organization

Industrial Development Board

Eighth session

SUMMARY RECORD OF THE 3rd MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 2 July 1991, at 10 a.m.

President: Mr. TOFIGH (Islamic Republic of Iran)
later: Mr. KOSTENKO (Ukrainian Soviet Socialist Republic)

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The meeting was called to order at 10.05 a.m.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1990 ON THE ACTIVITIES OF THE ORGANIZATION (continued) (IDB.8/10 and Corr.1)

UNIDO POLICIES (continued):

(a) UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1990

(b) ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES

(c) REGIONAL COOPERATION PROGRAMME FOR THE INDUSTRIAL RECOVERY OF LATIN AMERICA AND THE CARIBBEAN

(d) SPECIAL PROGRAMME FOR THE INDUSTRIAL DEVELOPMENT OF ASIA AND THE PACIFIC

(e) DEVELOPMENT OF HUMAN RESOURCES

(f) TRANSFER OF TECHNOLOGY

(g) ENERGY PROGRAMME

(IDB.8/9, IDB.8/10 and Corr.1, IDB.8/13, 16, 17, 24-26, 29, 46 and Corr.1 and 47)

1. Mr. ØSTERGAARD-ANDERSEN (Denmark), speaking on item 5, drew the attention of the Board to document IDB.8/47 concerning the International Conference on Ecologically Sustainable Industrial Development, to be held at Copenhagen from 14 to 18 October 1991. The Conference would be organized by UNIDO and sponsored by the Government of Denmark. All Member States of UNIDO had

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already been invited to the Conference, which would also be open to invited organizations of the United Nations system, intergovernmental organizations and international non-governmental organizations, including industrial federations. His Government hoped that Member States, in view of the importance and urgency of the problems to be discussed, would be represented at the ministerial level.

2. He also drew the Board's attention to the invitation by the Director-General to a preparatory meeting for the Copenhagen Conference to be held at Vienna from 23 to 25 July 1991, with the purpose of advising on the policy conclusions to be adopted at Copenhagen. In order to ensure thorough and dependable preparation for the Conference, his delegation urged Member States to be represented by senior experts at the preparatory meeting. It hoped that the Conference would lead to a broad consensus on national policies and on the role of UNIDO in contributing to ecologically sustainable industrial development. The declaration of the Conference could provide an important input for the United Nations Conference on Environment and Development, to be held in Brazil in 1992.

3. Mr. TALIANI (Italy), speaking on item 5 (f), said that his delegation had noted with interest the progress report in document IDB.8/24 on the UNIDO programme for development and transfer of technology. In particular, it was pleased with the reported progress, on both the institutional and operational fronts, in connection with the International Centre for Genetic Engineering and Biotechnology (ICGEB). The necessary number of ratifications had nearly been reached, and the Director-General should be encouraged to proceed expeditiously towards the formal setting up of ICGEB as an autonomous centre, especially in view of the fact that the Centre was beginning to gain recognition in the scientific world.

4. His delegation also noted with appreciation the establishment of an international centre for science and high technology (see document IDB.8/46 and Corr.1), an initiative which was fully in keeping with General Conference resolutions GC.2/Res.4 and GC.3/Res.7, and was currently completing its preparatory phase. With regard to funding for the new international centre, he said that the shift from trust fund financing to funding within the framework of the Industrial Development Fund represented a welcome improvement.

5. His delegation acknowledged with satisfaction that, in the preliminary phase of pilot activities, coordination had been maintained with various scientific institutions and within the United Nations system. In view of the financial situation of UNIDO, the centre would be financed exclusively from voluntary special-purpose contributions. Its objectives, areas of research and proposed activities were set out in paragraphs 11 and 12 of document IDB.8/46. In that connection, he suggested that the draft decision suggested by the Secretariat should explicitly mention the composition of the international scientific committee for the centre, stating that an adequate participation of qualified scientists from developing countries should be ensured.

6. If, as his delegation hoped, the Board approved the establishment of the centre, the Italian authorities were prepared to draft a law, to be submitted for approval to the Italian Parliament as soon as possible, which would include provisions for a regular annual financial contribution to support the operations of the centre. In order to provide a solid basis for the new law, the Italian Government would have to conclude a comprehensive agreement with UNIDO, which would incorporate the institutional structure of the new centre as outlined in document IDB.8/46. A positive decision by the Board would permit finalization of the agreement and of the law which would ensure stable funding of the centre's operations over the years.

7. Mr. PABON GARCIA (Observer for Venezuela), speaking on items 4 and 5, said that his delegation appreciated the efforts made by UNIDO to increase the share of the Latin American and Caribbean region in technical assistance projects, but considered that share still to be relatively small. His country attached high priority to South-South cooperation. While it endorsed the approach being taken by the Organization to industrial cooperation among developing countries, it felt that the resources assigned to that activity under the operational budget were insufficient. His delegation supported the framework proposed by the Director-General for those components of UNIDO programmes which represented economic and technical cooperation among developing countries (see document IDB.8/13, chap. II).

8. It welcomed the support shown by Member States for the Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean, and in particular for the project for the industrial automation of the capital goods sector in Latin America. It noted with concern, however, the slow progress being made in the preparatory work for the remainder of the projects comprising the original Cooperation Programme and the paucity of the resources allocated to those preparations under the proposed regular budget. It urged the Secretariat to accelerate the process.

9. With regard to the proposed energy programme, his delegation realized that the price of energy, and in particular the anticipated cost of petroleum, were a critical factor in energy planning. It nevertheless wondered why the programme provided for no action by the Organization in relation to that and other non-renewable sources of energy - a surprising omission in view of the importance to countries of utilizing local resources. If a global shortage of oil-producing capacity by the end of the century was to be averted, consumer countries, petroleum companies and both OPEC and non-OPEC producer countries must invest substantially in the expansion of production capacity. Since a stable energy market was vital for all countries, his delegation welcomed the attention being paid by UNIDO to the development of new and renewable sources of energy and to the relationship between that process and the protection of the environment. The Organization's energy programme, rather than discriminate against non-renewable sources of energy, should promote the sustained economic growth needed to alleviate their environmental impact. UNIDO should cooperate closely with other international organizations responsible for energy problems and with producer countries and regional energy bodies such as the Latin American Energy Organization.

10. In conclusion, his delegation endorsed the remarks made by the Mexican representative at the previous meeting. Together with the environment programme, the proposed energy programme should be financed solely from extrabudgetary resources.

11. Mr. MANSINGH (India), speaking on item 5, said that his delegation had consistently argued that greater attention should be paid to ECDC/TCDC projects, and as part of that commitment it had supported a number of projects in the area of enterprise-level cooperation between small and medium enterprises in India and some other developing countries in specific industrial sectors, in addition to regional consultations and workshops funded from his country's special-purpose contribution to the Industrial Development Fund. It was also supporting projects in such fields as training for entrepreneurship development, standardization and quality control, and the setting up of computerized databases and a network of subcontracting exchanges in Asia. It had also provided support for the establishment of a computerized database in the Ministry of Industry, linked to INRES-South, to facilitate exchange of information on possible areas for ECDC/TCDC. His country intended to continue its commitment, and would welcome any worthwhile project in that field for possible financing from its special-purpose contribution to IDF.

12. His delegation had always highlighted the need for a sharper country focus in the technical cooperation activities of the Organization and the strengthening of the Area Programmes Division, and particularly the system of UNIDO Country Directors. The upsurge in technical cooperation delivery and ECDC/TCDC could largely be attributed directly to the measures recently taken in that regard.

13. The developing countries had repeatedly stressed the need to initiate specific programmes to ensure that their share in the total procurement of supplies and services by the Organization for its technical cooperation activities should not be less than 25 per cent, a proportion determined by the Board at its fourth session and subsequently endorsed by the General Conference. While some steps had been taken by the Secretariat in that direction, his delegation did not regard them as adequate. Efforts in that regard must be stepped up if the Organization seriously intended to achieve its goal within a reasonable and specified time-limit.

14. His country was fully committed to the concept of technical cooperation among developing countries (TCDC) for the development and transfer of technology, and was one of the host countries for the International Centre for Genetic Engineering and Biotechnology, for which his Government was making land and buildings available in New Delhi. The premises were at an advanced stage of construction, at a cost of $10 million, and were expected to be ready by early 1992. In addition, it was providing equipment to the value of $5 million, half of which had already been delivered to the Centre. It was also contributing to the running costs of the Centre, which amounted to $700,000 per year.

15. One noteworthy development was the participation of the private sector in the Centre's research and development activities. His Government had approved a grant of $2.5 million by an Indian pharmaceuticals company to the Centre for dedicated research, the results of which would be available to others within the framework of the relevant tripartite agreement. It foresaw further participation by the private sector in the Centre's activities. He urged Member States, and particularly developing countries, to associate themselves with the Centre in the near future in order to take advantage of its facilities.

16. The development and flow of technologies were the key factor in the industrial development of developing countries, particularly in the areas of modernization and technological upgrading, rehabilitation, energy and pollution control. His delegation therefore welcomed the proposal to establish an international centre for science and high technology.

17. His country had also been supporting ECDC/TCDC projects in other fields, and was pleased to note that the project on cooperation between India and African countries in the field of telecommunication equipment had yielded positive results. It was also supporting a project for ECDC/TCDC between India and other developing countries in the field of the exploitation of marine/seabed non-living resources.

18. His delegation welcomed the fact that considerable work had already been done on the Special Programme for the Industrial Development of Asia and the Pacific. It requested the Director-General to ensure speedy implementation of the identified projects, with effective linkage and coordination between the approved programmes in the region.

19. With regard to the energy programme, he welcomed the initiative taken by the Organization as energy deficiency was a major factor retarding industrial growth in the developing countries. However, energy efficiency, modernization and technological upgrading and environmentally-friendly technologies went hand in hand. Energy should be an integral part of the overall technical cooperation activities of UNIDO.

20. Mr. PAREDES PORTELLA (Peru) said that he wished to express his delegation's gratitude to the Secretariat for its efforts on behalf of the Regional Cooperation Programme for the Economic Recovery of Latin America and the Caribbean, and to those countries which had pledged resources for the Programme, particularly with regard to the projects on subcontracting and capital goods. It was to be hoped that all the projects envisaged would be implemented as soon as possible.

21. The Director-General's report on the Programme (IDB.8/25) had the merit of being concise, but it should be supplemented by information presented orally by the Secretariat. More detail would be welcome regarding the implementation of each of the projects already identified. He noted that, of the five original projects, the project on subcontracting was fully operational, and would be followed shortly by the capital goods project. The Secretariat should endeavour to expedite work on the three remaining projects and to formulate additional projects. Funds available for the Programme were modest, particularly in comparison with those earmarked for other regional programmes.

22. In order to ensure that the Regional Cooperation Programme had a significant impact on the economies of the developing countries in the

region, his delegation suggested the following guidelines: (1) there should be greater coordination with the Secretariat so that it was not left to delegations to take the initiative in ensuring that projects were followed up; (2) there should be cooperation with the Latin American and Caribbean group in seeking funds for projects; (3) clear and concise progress reports should be compiled for each project and regularly updated; (4) the Secretariat should continue to submit technical studies for new projects so that the Programme remained dynamic; and (5) there should be a major change in the way funds were used within the Programme. In connection with the last point, he noted that up to 50 or 60 per cent of project funds were absorbed by the staff component, a proportion which, as his delegation had pointed out in the past, was excessive. Overall, greater efforts were needed to ensure the success of the Programme, which had already been in operation for two years and was facing additional constraints and additional demands.

23. Mr. GUTIERREZ LEYTON (Chile) noted that, according to the 1990 annual report (IDB.8/10 and Corr.1), a number of UNIDO's technical cooperation activities had been curtailed due to the financial difficulties of the Organization, a circumstance attributed by the Secretariat to the failure of Member States to pay their assessed contributions. Nothing was said about the real financial impact of the acquisition of the electronic data-processing system, for which 10 per cent of the operational budget was being allocated. His delegation considered that that budget should be used solely for technical cooperation activities, and could see no justification for the claim that more than half of the mainframe time would be used for those purposes.

24. Referring to economic and technical cooperation among developing countries, he said that operative paragraph 3 of General Conference resolution GC.3/Res.9, calling for a substantial increase in funds for the ECDC/TCDC components of UNIDO programmes, seemed not to have been implemented. The ideas put forward in paragraph 12(2) of document IDB.8/13 were vague. In his delegation's view, insufficient attention had been given to opportunities for South-South cooperation at the private sector level or directly between enterprises. There was also a need for greater cooperation with the international agencies providing funds for such activities; however, in order to attract funds the programmes must be concrete and of high quality. His delegation proposed that at least 10 per cent of the operational budget should be spent on ECDC/TCDC projects, with emphasis on participation by the least developed countries.

25. Mr. FAROOQI (Observer for Pakistan), speaking on items 4 and 5, commended the Secretariat for having increased delivery of technical cooperation in 1990. The Organization should direct even more resources to technical assistance in areas in which the industrialization of the developing countries could be maximized. One such area was the acquisition of up-to-date technology, an objective that would have to be achieved through joint ventures between developed and developing countries and the strengthening of the latter countries' technological information agencies. His delegation particularly supported the idea of transferring technology by means of economic and technical cooperation among developing countries; those of them which had acquired a high level of technology had a moral obligation to assist the others in that respect. The Organization should implement a well-defined strategy for the transfer from the developed to the developing countries of appropriate technology; that did not mean second-rate technology, but technology which added the greatest possible value to indigenous resources. His delegation urged the Secretariat to initiate steps for transferring technology to developing countries free of cost in crucial sectors of industrial development such as energy, the environment and industrial rehabilitation, and to promote its transfer to those countries in key areas such as computer software development, electronics, petrochemicals, genetic engineering and high-performance composite metals, in which beneficial secondary effects would be generated for their technological capacity.

26. Speaking on behalf of the Asian group of countries, he approved the long-term financial arrangements and institutional structure suggested by the Director-General for the establishment of the proposed international centre for science and high technology.

27. Successful industrialization necessitated, among other things, research and development institutions, quality control systems and marketing services. UNIDO could assist developing countries in that respect not only by providing consultancy but also by making training facilities and hardware available to them, on both a North-South and a South-South basis. Institutions of developing countries thus strengthened could in turn assist the least developed countries.

28. His delegation had noted with satisfaction the Director-General's report on the Special Programme for the Industrial Development of Asia and the Pacific (IDB.8/28). The Programme should be financed from the regular budget, the Industrial Development Fund, trust funds or other sources. UNIDO should not only strengthen the components of the Programme that related to the metalworking, food-processing and marine fishing industries but also extend it to other sectors if so requested by States in the Asian and Pacific region, for example to small- and medium-scale industries in rural areas.

29. Mr. RIBEIRO DA SILVA (Brazil), speaking on item 5, said that his delegation welcomed the decision to discuss UNIDO technical cooperation activities in 1990 as a separate sub-item on the Board's agenda. That would enable the developing countries to arrive at a clearer analysis of trends in the quality and effectiveness of projects, their financial needs and their components. In that connection, he noted that the component of staff costs remained at a high level, and the Secretariat should take steps to reduce it.

30. The list of technical cooperation projects approved and/or operational in 1990 (IDB.8/CRP.1) represented an improvement on its predecessors in that the inclusion of the dates of approval and the expected dates of completion of projects rendered it less liable to misinterpretation. However, there might be room for further improvements when the question of "successor arrangements" with UNDP was settled and the possibility emerged of a new project cycle.

31. Despite the pressure on UNIDO to provide more technical cooperation for developing countries, the financing of operational activities remained problematic. Mention had been made of the need for Member States to pay their assessed contributions, but he wished to stress the commendable effort made by developing countries to pay as much as possible, despite serious domestic difficulties. It should also be recalled that the financial crisis and its consequences for the availability of funds for technical cooperation were also closely related to the introduction of the electronic data-processing system.

32. In connection with economic and technical cooperation among developing countries, he said that document IDB.8/13 contained proposals for ECDC/TCDC which could provide useful guidelines for UNIDO, although the delay in distributing the document had made it difficult for delegations to study it carefully. Referring to the specific objectives (IDB.8/13, para.12), he said that objective (9), which dealt with industry-related environmental policies, was important, but that the idea of carrying out demonstrations of clean technologies might be outside the scope of ECDC/TCDC activities. What the developing countries needed was the transfer of clean technologies, on a non-commercial basis, from the industrialized countries. With regard to objective (12), he urged the Secretariat staff involved further to elaborate internal guidelines in order to make ECDC/TCDC, whenever possible, a component of UNIDO's project design and implementation, for example through briefings for experts prior to field assignments.

33. His country fully recognized that the role of the developing countries themselves in ECDC/TCDC was crucial, and his Government was making efforts in that area by studying possibilities of funding such activities under his country's indicative planning figure (IPF) and with the help of third countries. It would endeavour to cooperate with UNIDO in that respect, but appealed to the Organization to maintain and enhance the financial allocations for ECDC/TCDC.

34. Mr. KOSTENKO (Ukrainian Soviet Socialist Republic) said that it was clear from the annual report (IDB.8/10 and Corr.1) that UNIDO was continuing to experience significant financial difficulties due to the non-payment of contributions by Member States. His delegation was concerned to note that that situation had persisted into the current year, and that the Organization had been obliged to resort to a strategy of survival. If such a situation were to continue, it would have disastrous consequences for UNIDO's programmes.

35. At the same time, he was pleased to note that, despite the financial difficulties, the Organization had succeeded in raising the level of technical cooperation delivery, and that quantitative growth had been accompanied by enhanced quality in the projects carried out.

36. Particularly praiseworthy was the expansion of the process by which projects were reviewed before approval in the light of their possible environmental impact. Such an analysis would help UNIDO to play its part in resolving global ecological problems.

37. UNIDO had done important work in the development of human resources, and was continuing to improve its strategy in that field, paying due attention to the regional and country specificities.

38. His delegation took note of the Director-General's reports on progress made since September 1990 in the implementation of the programme for development and transfer of technology (IDB.8/24), which provided useful information, and his report on the long-term arrangements for the establishment of an international centre for science and high technology (IDB.8/46), a project which his delegation hoped would soon be realized.

39. It was a matter for regret that a number of planned new programmes in technology development and transfer had not been implemented due to financial constraints. In his delegation's view, prompt practical implementation of the concept of creating and developing a national technological potential in the developing countries would ultimately help to accelerate their industrial development. The Ukrainian SSR was endeavouring to promote that process, and since 1972 had been cooperating with UNIDO, through the Institute of Electric Welding of the Academy of Sciences of the Ukrainian SSR, in holding seminars on electric welding, to which specialists from Asia, Africa and Latin America were invited. In his delegation's view, UNIDO should pursue the practice of holding such technological seminars, and expand their scope.

40. UNIDO's energy programme, outlined in document IDB.8/9, was noteworthy in that it focused not only on energy savings, but also on ensuring ecologically sound and sustainable industrial growth. The Chernobyl tragedy had shown the world the catastrophic consequences which might arise from miscalculations in the energy development field. In general, his delegation took a positive view of the document. At the same time, it wished to recommend that, when the projects mentioned in the programme were implemented, greater attention should be paid to the aspect of ecological safety in energy development. In that connection, his delegation was sponsoring a proposal for a decision by the Board on UNIDO's participation in international cooperation to mitigate and overcome the consequences of the accident at the Chernobyl nuclear power plant, on the basis of General Assembly resolution 45/190. Unfortunately, the hazards resulting from the accident had not diminished over the ensuing five years: more than 1.8 million people, including 380,000 children, continued to be affected by the high level of radiation in the Ukraine, and the overall area of radioactive pollution covered 3.5 million hectares. Taking into account the activities undertaken by the United Nations Coordinator for Chernobyl, UNIDO could, within its sphere of competence, extend assistance to the Ukraine, in particular through the construction of industrial plant and the development of new technologies, materials and food products. His delegation recognized that the resources for implementing projects in connection with Chernobyl would have to be sought outside the Organization. He expressed the hope, however, that the draft decision would be supported by Board members.

41. Mr. Kostenko (Ukrainian Soviet Socialist Republic) took the Chair.

42. Mr. ATTAVIPACH (Observer for Thailand), speaking on item 5, said he would deal first with UNIDO technical cooperation activities in 1990.

His delegation recognized that it was in the nature of project delivery that the cost of one component should regularly outweigh that of others; thus the cost of project personnel - the expert component - naturally predominated in infrastructural projects, that of equipment in technological projects and that of training in support projects. Nevertheless, with the aim of using the Organization's resources more efficiently, steps could and should be taken to increase the amount spent by the Department of Industrial Operations as a whole on equipment and training - particularly if project implementation by the beneficiary Government was taken into account - with a corresponding decrease in the ratio of overall expert component costs to other costs.

43. It was regrettable that UNIDO had been unable to allocate more funds to ECDC/TCDC. At least 10 per cent of the operational budget should be spent on that activity and, in the Organization's technical cooperation projects, the use of experts, services and equipment from developing countries should be expanded to reach the level of 25 per cent called for in Board decision IDB.4/Dec.15. His Government fully approved the action undertaken by UNIDO to organize solidarity meetings for the benefit of the least developed countries; it had participated in those meetings and would continue to assist the least developed countries both multilaterally within the ECDC/TCDC framework and bilaterally through its international assistance programme.

44. In connection with the Special Programme for the Industrial Development of Asia and the Pacific, his delegation noted with satisfaction the action described by the Director-General in paragraphs 2 and 3 of his report (IDB.8/26). His Government suggested that all the seven priority areas of activity mentioned in paragraph 3 of the pertinent General Conference resolution (GC.3/Res.18) should be covered fully when final proposals were submitted to UNDP for inclusion in its intercountry programme for Asia and the Pacific for the fifth cycle. UNIDO should encourage the region's least developed, land-locked and island developing countries to enter the mainstream of development by participating more actively in existing regional networks such as those for agricultural machinery, pesticides development and low-cost building materials technologies and construction systems.

45. The energy programme proposed by the Director-General for the biennium 1992-1993 should be supported in the same manner as the closely related environment programme. In order not to lessen the net flow of aid from the Organization to developing countries, the energy programme should be funded from an energy trust fund and special-purpose contributions, as recommended by the Director-General in his report (IDB.8/9, para. 84). Any saving made under the regular budget might be used for the preparatory phase of the programme. UNIDO should cooperate closely with the many international organizations concerned with energy problems and with oil-producing and oil-consuming countries.

46. In conclusion, his delegation fully supported the Secretariat's decision to convene a Conference on Ecologically Sustainable Industrial Development in preparation for the United Nations Conference on Environment and Development to be held in 1992. It commended the Government of Denmark for its generous contribution to the Industrial Development Fund to enable the UNIDO Conference to take place. Since full participation was necessary to ensure its success, he hoped that donor countries in a position to do so would consider sponsoring the participation of those developing countries such as his own which would not otherwise have the means to attend.

47. Mr. D. POPOV (Bulgaria) expressed his delegation's approval of what the Organization had achieved in 1990 despite the serious financial difficulties it had experienced. It particularly appreciated the information on technical cooperation activities provided by the Director-General in the list of projects approved or operational in 1990 (IDB.8/CRP.1), his report on those activities (IDB.8/16) and the relevant chapter of the annual report (IDB.8/10). His delegation had noted with satisfaction the technical cooperation which UNIDO had provided and the area programmes on which it had been based.

48. However, despite its generally favourable assessment of the Organization's work, Bulgaria urged the Secretariat to employ more flexible forms of cooperation, including so-called "umbrella" projects, which could cater quickly and cheaply for urgent requests for assistance. Fundamental changes had taken place in central and eastern Europe - in particular in Bulgaria - which called for massive action to transform the economies of the countries concerned from a system of central planning to one of market orientation. To that end, UNIDO should elaborate a methodology for those countries to solve industrial management problems, make the maximum use of its Professional staff to provide them with consultancy services, and assist them at the enterprise level.

49. He expressed his delegation's particular satisfaction at the cooperation afforded by various units of the Secretariat. His country's experts paid special attention to the work of the International Centre for Genetic Engineering and Biotechnology, whose activities would be stimulated if more countries joined it. His delegation believed that the priorities for the Organization's technical cooperation activities should be the restructuring of industry and enterprises, the environment and agro-industries.

50. Mr. AYADI (Algeria) associated himself with those speakers who had criticized the delay in the distribution of sessional documents.

51. He said that the resumed seventh session of the Programme and Budget Committee had pointed up the magnitude of the difficulties facing the Organization, difficulties that, if not quickly overcome, threatened to distract UNIDO from its basic objective of promoting industrial development in the developing countries, and to undermine its credibility. It was regrettable that the meetings of UNIDO's policy-making organs were increasingly dominated by administrative, budgetary or managerial issues rather than by substantive questions concerning the industrialization of the developing countries. The persistence and exacerbation of management problems had led to a psychological climate that was proving harmful to the Organization's operation and effectiveness. That unfortunate situation was not the responsibility of the Member States. It was to be hoped that the Board's present session might provide an opportunity for remedying the situation through a constructive

debate enabling the Organization to tackle its statutory tasks.

52. The annual report contained in document IDB.8/10 and Corr.1 undoubtedly provided a good basis for discussions. It showed, above all, that, in the face of the worsening economic and social situation in the developing countries, there was a gap between what those countries expected of UNIDO and what the Organization was able to accomplish with the limited resources at its disposal. The financial problems were aggravated by the continuing practice of zero real-growth budgeting, by the non-payment of assessed contributions by some of the major contributors and by the considerable cost overruns incurred as a result of the computerization programme, in the carrying out of which the Secretariat had clearly overstepped its authority.

53. Faced with that situation and the need to implement the programmes approved by the policy-making organs, the Secretariat had increasingly resorted to financing through trust funds and special-purpose voluntary contributions. Without objecting in principle to the use of resources of that kind, his delegation wished to reiterate its concern at a trend that could in time limit UNIDO's room for manoeuvre in programming and in the setting of priorities, and cause it to stray from its original mandate.

54. In order to avoid that danger, taking account of the Organization's dwindling resources, the Director-General should do all he could to concentrate on sectors of high priority to the developing countries and on those regions or country groups defined as having priority importance by the policy-making organs and the international community. In that connection, Africa, given its particular situation, should continue to enjoy special status and sustained attention within UNIDO.

55. The proclamation by the international community of the Second Industrial Development Decade for Africa, and the expected adoption of the programme for the Decade by the African Ministers of Industry in the near future represented new challenges that UNIDO should prepare to meet by a qualitative improvement of the services responsible for carrying out the programme.

56. The Algerian delegation ascribed great importance to the implementation of the special regional programmes, including the Special Programme for Industrial Development in the Arab countries. That Programme should be implemented in cooperation with the regional groupings.

57. With regard to the System of Consultations, an instrument of particular importance to the developing countries, his delegation believed that it could contribute more to the strengthening of industrial cooperation if some improvements were made in the follow-up of recommendations. The measures that had recently been taken by the Secretariat in accordance with the recommendations made at the General Conference following the evaluation of the System had the full support of his delegation.

58. He wished to express the satisfaction of his delegation at the increase in technical cooperation delivery and the general improvement in the quality of technical cooperation projects in 1990, and to encourage the Secretariat to continue along that path despite the difficulties of the present moment.

59. He welcomed the Secretariat's proposals regarding environmental and energy-related issues. That was an important programme that deserved particular attention.

60. UNIDO should continue to encourage the active participation of the developing countries in the process of the globalization of industry in order that they might effectively integrate their markets and improve their productivity. It should do more through concrete measures to support the efforts of the developing countries along those lines, particularly in the case of countries in regions where the situation had deteriorated to a particularly alarming degree.

61. Mrs. MARRERO (Cuba), speaking on item 5, said that the technical cooperation provided by UNIDO could be improved further in order to make the most efficient use of the Organization's slender resources. To that end, the results achieved by technical assistance projects should be monitored more closely once projects had been implemented. The problem of matching results to expenditure was one which could be solved within UNIDO. She associated herself with those delegations which had criticized the share of resources allocated by the Organization to the Latin American and Caribbean region. She expressed the hope that Cuba would continue to benefit from a high percentage of projects implemented by UNIDO.

62. Her delegation was gratified at the achievements of the Organization in promoting economic and technical cooperation among developing countries. It was important to strengthen the links between UNIDO and bodies such as UNDP, the Economic Commission for Latin America and the Caribbean and the Latin American Economic System with a view to expanding the use of developing countries' goods and services in technical assistance projects.

63. Her Government continued to support fully the Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean and to urge its speedy implementation. Every country in the region should be entitled to participate freely and on an equal footing in any project which the Programme included. All its projects should be regional, so as to give the Programme its maximum potential for benefiting each of the countries in the region. A suitable regional mechanism was needed for their implementation. Her delegation expressed satisfaction at the inception of the project on industrial automation of the capital goods sector and hoped that the remainder of the projects included in the Programme would yield the beneficial results which Cuba expected to be forthcoming from the automation project.

64. In conclusion, her delegation approved the arrangements suggested for the proposed international centre for science and high technology, but warned against the danger of proceeding too rapidly towards its establishment without due consideration of what was involved.

65. Mr. YOGASARA (Indonesia) commended the 1990 annual report (IDB.8/10 and Corr.1) and the

Director-General's progress report on the implementation of the Special Programme for the Industrial Development of Asia and the Pacific (ID8.8/26), and expressed gratitude to UNIDO, UNDP and the five donor countries (Belgium, France, Germany, Japan and the United Kingdom) which had supported the implementation of 16 regional projects worth more than $3 million.

66. The Indonesian delegation particularly favoured the continuation of projects focusing on the agro-related metalworking industries, the food-processing industry and marine-based industries for industrial development; it further believed that economic and technical cooperation among developing countries should be incorporated in the regional programme, the preparation of which should be adequately financed from the regular budget or from other sources. The programme should be implemented in close cooperation with the Economic and Social Commission for Asia and the Pacific (ESCAP).

67. Turning to the UNIDO energy programme, as set out in document ID8.8/9, he endorsed the Director-General's proposals, and welcomed the fact that environmental and technological issues were also discussed in the document. His delegation was also of the view that UNIDO should promote the provision of technical assistance to developing countries in diversifying the supply of and demand for energies based on oil, gas, coal and biomass, as well as thermal, solar, wind and hydropower, according to the availability of such resources.

68. Noting that the energy programme was subdivided into three subprogrammes covering the issue of energy for industrial development, and a fourth concerned with the issue of industry for energy, he proposed that UNIDO undertake a series of studies, to be financed from extrabudgetary resources, on the themes of "energy for industry" and "industry for energy"; and that those topics be included in the System of Consultations for the biennium 1994-1995.

69. Mr. EFIRD (United States of America) said that, notwithstanding the importance of all the issues covered by item 5, he would concentrate on the proposed energy programme, which he saw as a critical element in the much-needed qualitative improvement of technical assistance delivery. UNIDO had many energy-related technical assistance programmes, and the relative proportion of such programmes had increased steadily during the past decade; that reflected the importance of energy in the changing world economy. The programme proposed was an important companion to UNIDO's newly established environment programme. He presumed that, like the latter, the former would begin on a modest scale, with stress on training and other measures which had minimal financial implications. During the past year, the United States had provided a professional employee to help initiate the programme without the need for new funds; it was to be hoped that all Member States would accord it their encouragement and support.

70. Mr. CONSTENLA (Costa Rica) said that he had been alarmed to hear the Director-General suggest, in his introductory statement at the first meeting, that "honouring financial commitments to the Organization went hand in hand with the right to air views, critical or otherwise, about its activities" (ID8.8/SR.1, para. 18). Coming as he did from a small country devoted to the principle of freedom of expression, he was disturbed that the Director-General should question the right of Member States to express their opinions.

71. Turning to item 5, he expressed satisfaction with the Organization's attachment to the development of human resources. He noted that, according to paragraph 4 of document ID8.8/17, the training component of technical cooperation projects amounted to around 15 per cent of the resources allocated, and that, according to paragraph 7, activities had been increased in the training-of-trainers programme, although no specific figures were provided. The reference to the multiplier effect of training, in paragraph 8 of the same document, was pertinent.

72. He noted with satisfaction that a training programme on the manufacture of tools and spare parts had been organized for the Latin American and Caribbean region (para. 10): it was well known that shortcomings in that area were among the major causes of low productivity.

73. Regarding group training programmes, he noted with satisfaction the information on the programmes conducted between October 1990 and March 1991 (para. 15). He also noted the information in paragraph 20 on programmes aimed at helping countries to improve the local investment climate. With regard to paragraph 48, the Director-General was to be commended on his decision to opt for a full-scale in-depth evaluation of human resource development activities, rather than a minimum evaluation approach.

74. Lastly, in connection with item 5 (a), concerning UNIDO technical co-operation activities in 1990, his delegation noted with some concern the decline of about $9 million in the level of overall project approvals from 1989 to 1990.

75. Mr. BOKONGA (Zaire) said he noted with appreciation the substantial increase in the value of industrial operations between 1989 and 1990. UNIDO's Member States consistently stressed the importance of programming by region and by sector. Zaire had taken the decision to rehabilitate its iron and steel industry, created in the 1970s, with the aim of diversifying production so as to permit it to respond to the requirements of many of the countries of central Africa, and advance the policy of creating integrated subregional industrial areas in the continent. In that undertaking, UNIDO's assistance would be greatly needed.

76. His delegation endorsed the proposed creation of an international centre for science and high technology.

77. Mr. PLUG (Netherlands), referring to item 5 (f), expressed regret that the background document (ID8.8/24) had been issued at such a late hour that detailed consideration of its contents had been impossible. That was all the more disappointing as the transfer of technology was one of the priorities of the medium-term plan, an issue to which great importance was attached, and one which called for a great deal of coordination between UNIDO and other bodies active in the same field. Noting from the document in question that the International Centre for Genetic Engineering

and Biotechnology might soon become an autonomous centre, he said that the Netherlands had decided not to become a partner to ICGEB for the principal reason that it preferred to focus on demand-driven activities (i.e., activities constituting a response to a pre-existing demand), preferably developed and implemented in the developing countries, rather than on what might be called the supply-driven approach (by which he meant basically a response to an available supply of expertise), which was what appeared to characterize ICGEB at present. His country would take the same stand in connection with the proposed international centre for science and high technology, the creation of which - and especially its financing - should be the subject of prior discussion in the Board. At all events, were such a centre to be created under UNIDO's auspices, the Netherlands would argue that it should be financed from the special-purpose segment of the Industrial Development Fund, and under no circumstances from the regular budget.

78. Mr. KRUGER (Observer for Nicaragua), remarking that his delegation was participating in the work of the Industrial Development Board for the first time since the change of government in Nicaragua, confirmed his country's attachment to UNIDO as a major force for modernization, and its reliance on the Organization's help for the rehabilitation and reconstruction of its debilitated economy: he was thinking particularly of investment promotion, the analysis of industrial development policies, privatization and modernization programmes. At the same time, UNIDO, together with other organizations of the United Nations system and the international community at large, were to be thanked for their sustained assistance, encouragement and solidarity during the past years of conflict and difficulty, and for their faith that Nicaragua would ultimately overcome the major impediments to peace after a period during which its infrastructures and productive systems had been in a state of constant and damaging upheaval.

79. That solidarity had encouraged Nicaragua in its turn to labour for peace, both at home and throughout the region, on the basis of reconciliation as the only means of overcoming major differences. Through agreement and dialogue, it was endeavouring to create a form of democratic culture that would enable it to play a more active part in a similar process of reconciliation on a world-wide scale as, at the century's end, the negative forces of ideology and confrontation appeared to be on the wane.

80. Mr. OKUTU (Uganda) said that his delegation was pleased to note the information provided concerning UNIDO technical cooperation activities. However, it was concerned at the decline in the level of overall project approvals: the Director-General should be encouraged to do everything possible to reverse that trend. The assistance approved for the strengthening of the Uganda Bureau of Standards would make a welcome contribution to rehabilitation and restructuring programmes in the manufacturing sector. He agreed with the Director-General that the Area Programmes Division should be the focal point for technical cooperation activities; he welcomed the new location of the Coordination Unit for IDDA and urged closer cooperation between the Africa Countries Programme and the unit concerned with the least developed countries.

81. Underdevelopment of productive forces - science, technology and modern management skills - lay at the root of Uganda's economic problems. Moreover, an economy could not transform itself without the emergence of an indigenous class of industrialists and entrepreneurs, and his country had frequently called for steps to stimulate the emergence of such a class, equivalent to that which had spearheaded the industrial revolution in Europe and North America. UNIDO's role in promoting that emergence and in strengthening management and accelerating the acquisition of science and technology could not be understated. He noted with satisfaction that a number of African women had benefited from UNIDO fellowships and study tours in 1990. He urged the Director-General to continue to accord proper significance to human resource development in all the Organization's cooperation activities, and to ensure that the integration of women in industrial development enjoyed high priority.

82. Concerning UNIDO's energy programme, he observed that the energy factor was all the more important to oil-importing developing countries. The question of what would power the country's industrialization was preoccupying Uganda's decision makers. While the programme proposed by the Director-General was to be welcomed, the issues raised and the actions proposed seemed not fully to reflect the preoccupations of the non-industrialized countries. For example, the need to reduce energy dependence had not received adequate attention. Foreign exchange requirements for the purchase of petroleum products hampered development in general, and aggravated the debt situation. While more than half of Uganda's foreign exchange earnings were spent on oil, used mainly in the transport and industrial sectors, pressure on the country's forests, in response to the requirements of rural and urban based agro-industries, was steadily destroying what could have been husbanded as a renewable, development-favouring resource. Energy was a requirement for industrial development, and UNIDO's programme should focus on ways and means of harnessing energy resources in such a way that development would be enhanced without compromising the environment. It should be added that Uganda, far from believing that environment and economic development were diametrically opposed concepts, considered them to be complementary. For all those reasons, he would favour a reformulation of the energy programme after further consultations with Member States.

83. Mr. Tofigh (Islamic Republic of Iran) resumed the Chair.

84. Mrs. TALLAWY (Egypt) said that the Director-General, in his opening remarks, had reminded the Board that its concern should be to improve the quality of life of the peoples of the developing world. That was what made the interference of other issues, including the "computer tragedy", so distressing.

85. There was still room for improvement in the quality and the volume of technical cooperation activities; moreover, the effectiveness as well as the value of projects should be the subject of attention. The costs of the expert component appeared to be excessively high in the Arab, African and Latin American countries and, given that the purpose of technical cooperation was to help build up the industrial capacities of the developing countries, it was disturbing to learn

of official visits that were called "industrial projects". On the other hand, her delegation endorsed the proposed framework for enhancing cooperation among developing countries themselves, in accordance with the priorities established in the medium-term plan; interregional cooperation should also be increased. The donor community should be invited to increase its support for ECDC/TCDC. The importance of implementing the Buenos Aires Plan of Action and of enhancing UNIDO's role in TCDC should also be highlighted.

86. Human resources development was a priority area for UNIDO's activities. Care should be taken to avoid waste as a result of inadequate setting of priorities. The priorities and needs of the developing countries should be taken duly into account. Training might be concentrated on such areas as computer-aided design, quality control and maintenance. The programme for the training of trainers should be upgraded as a tool for promoting self-reliance. There should be more projects oriented towards women; the participation of women in all of UNIDO's activities should be increased, and more fellowships awarded to women.

87. The proposed energy programme (see document IDB.8/9) was to be welcomed, especially the components concerned with enhancing the capacity of UNIDO to provide support to energy-related aspects of industrial development and with the transfer of technology. With regard to subprogrammes II and III, while recourse to locally available alternative sources of energy should certainly be encouraged, that should not become a condition for the approval of projects. In sum, her delegation appreciated UNIDO's desire to fill the gap due to the absence of international institutions dealing with energy, but would point out that the Organization's essential role was to furnish assistance and advice, and not to impose solutions.

88. Mr. TALUKDAR (Observer for Bangladesh) congratulated the Director-General and the Secretariat on the comprehensive report and documentation provided for the Board and expressed appreciation for the help of the Liaison Office in Geneva, which kept delegations not represented in Vienna abreast of developments there. He hoped that the Geneva Office would be maintained.

89. He noted with satisfaction the upward trend in the delivery of technical assistance and the increase in investment funds, which testified to the dynamic leadership of the Director-General and the dedication of the Secretariat. However, his delegation agreed that there was a need to look into the possibility of rationalizing the cost of experts in the technical assistance programme.

90. His delegation would like to see an expansion of economic and technical cooperation among developing countries. However, the developing countries needed the sustained cooperation and assistance of the industrialized countries if they were to succeed in cooperating among themselves. The industrialized countries should adopt a deliberate policy of encouraging their technology development sectors, particularly the private sector, to cooperate closely with the private and public sectors of developing countries.

91. His delegation had noted with satisfaction the expansion of the Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean. He stressed the need for the different priorities of the various developing countries to be kept in view, and drew attention to the fact that the least developed countries required a different set of priorities. In planning the Special Programme for Asia and the Pacific, his delegation would like UNIDO to consider employment-generating projects.

92. The need for developing human resources could hardly be overemphasized, for without skills the productivity that enhanced development efforts could not be increased. He therefore appealed to UNIDO to bear in mind the population of a country when formulating programmes of skill development. Bangladesh had a population of 110 million, and its development efforts must be made compatible with the size of the population.

93. The institutions established by the international community were of great assistance to the developing countries in the transfer of technology. Bangladesh hoped to benefit from the international centre for science and high technology. He had noted with concern the reservations expressed about the latter centre and appealed to delegations to give due consideration to establishing an institution that would help meet the aspirations of the developing countries.

94. On the subject of the energy programme, no development was neutral and all development must interact with the environment. The development of energy resources was no exception. In Bangladesh, 90 per cent of tree-felling was to meet requirements in fuel. Only by laying gas pipelines in rural areas could tree-felling be stopped. More resources were needed for countries that lacked fuel resources, and environmentally-friendly sources of energy such as wind, solar and tidal energy should be developed.

95. The new Government of Bangladesh was making every effort to help the population affected by the recent cyclone and storm in Bangladesh, and he expressed deep appreciation for the response of the international community. UNIDO would have a part to play in the recovery and rehabilitation programme.

96. Mr. SIAZON (Director-General), replying to the questions raised in the debate on items 4 and 5 of the agenda, expressed his appreciation for the many comments and suggestions made by members and observers.

97. He apologized to the members of the Board for the very late submission of documents, and said that the Translation Service, which was a joint service working for UNIDO and the United Nations in Vienna, was trying very hard to cope with increasing translation requirements. The seventh session of the Programme and Budget Committee had been held from 22-26 April 1991 and the resumed session on 27 June 1991. The revised programme and budget for 1992-1993 containing some 300 pages had therefore had to be processed quickly in six languages and given top priority, with a consequent negative impact on the documentation for the eighth session of the Industrial Development Board.

98. For the sixth session of the Programme and Budget Committee in 1990 there had been 421 pages of documentation requiring translation; for the seventh session and the resumed session in 1991

there had been 1,222 pages - about three times as much. For the seventh session of the Board in 1990 there had been 323 pages of documentation whereas the figure for the eighth session in 1991 was 700 pages. Twenty-eight documents had been submitted to the seventh session of the Board as against 50 to the eighth session. It was clear that there was a problem of capacity. Member States should perhaps decide on a priority for items and on the sessions at which they wished to have them considered.

99. With respect to the decline in the level of project approvals in 1990 compared with 1989 (IDB.8/10, chap. II, para. 16), he said that in 1989 one member country had paid about $40 million to IDF as a one-off payment while in 1990 the same member country's contribution had gone down to $19 million. That already explained the decline in the level of project approvals. However, 1991 had seen a faster rate of implementation compared with the rate of project approval, something which might lead to difficulties. 1991 was a special year since it was the last year of the UNDP cycle and most of the reserves would already have been programmed. Moreover, 1991 was the first year in which UNDP resident representatives had been instructed to adopt a programme approach. As a result, there had been undue delays in the approval of individual projects.

100. Regarding the rate of delivery under the IDDA technical assistance component, he said that the $1,970,000 delivered was about half of the $3,850,000 authorized for disbursement under IDDA; that was quite a good implementation rate for the first year. However, to avoid any problems of implementation, the Secretariat had taken special precautions and had overprogrammed to some degree to ensure that the amount authorized under the budget was fully utilized by the end of the biennium. Furthermore, the IDDA technical cooperation activities had been exempted by the Director-General from the freeze on programme implementation resulting from the adverse financial situation.

101. One representative had referred to the fact that although the technical assistance component for Africa had increased in absolute terms, its share within the total technical assistance programme had dropped. That was explained mainly by the substantial increase in interregional and global projects, which had gone up from 14.3 per cent of the total technical assistance programme in 1989 to 19.6 per cent in 1990. As a result, the share of Africa had decreased in percentage terms although in dollar terms it had increased. The reason for the increase in the regional and interregional portion of UNIDO's technical assistance programme in 1990 was the one-time approval of funds for the International Centre for Genetic Engineering and Biotechnology. If the Board approved the establishment of an international centre for science and high technology, and if the Government of Italy passed a law establishing contributions to the centre on an annual basis, the regional and interregional part of the technical assistance programme would again go up and the other parts go down in percentage terms.

102. The Secretariat agreed with Member States about the importance of economic cooperation among developing countries (ECDC) and wished to encourage more developing countries to follow the approach adopted by countries like India, Brazil and China, which had established part of their indicative planning figure for ECDC activities or made voluntary contributions to them. While he appreciated the confidence of Member States in the ability of the Secretariat to influence events in the international community, the developing countries were the main actors in the programme and UNIDO's role was merely supportive. Twenty-eight agreements had been signed for enterprise-to-enterprise cooperation, and the Secretariat hoped that the developing countries would extend that particular programme.

103. Many representatives had mentioned the share of experts in technical assistance to developing countries. He did not believe that there was any golden rule governing the percentage of experts. UNIDO was a demand-oriented organization and did not provide technical assistance unless it received an official request from a Government and unless a project document stipulating the type, modality and duration of the assistance required was prepared. Developing countries that considered the expert component to be too high should so indicate in their project requests. Moreover, the composition of technical assistance varied from region to region and from year to year, depending on the actual needs of the developing countries concerned.

104. As far as the IDF portion was concerned, some major donor countries did not finance the equipment component even when it came from the country in question. As a result one could expect ab initio a larger share for the expert component in technical assistance projects of UNIDO. The Secretariat would welcome any suggestions to help find a golden rule that would win acceptance among Member States.

105. The Secretariat had taken note of the comments of the Netherlands representative concerning the evaluation of UNIDO activities related to the development of human resources. The Secretariat would be happy to receive additional contributions for the implementation of that activity.

106. The Netherlands representative had also spoken of the small number of women in training programmes. The reason was that few women candidates were put forward by Member States, and he appealed to them to increase the number.

107. Regarding the training share in technical assistance projects, he said that the percentage varied from one region and one country to another, and he again stressed that the share depended largely on the requesting Member State.

108. Regarding the training of trainers, he said that, of 36 training programmes backstopped by the Human Resources Development Branch, 12 had covered the training of trainers, ensuring a multiplier effect.

109. The various statements made on the environment would be taken into account by the Secretariat in implementing the relevant programme.

110. The Secretariat had perhaps not provided enough information about its cooperation in the sector of energy. A group of four agencies were cooperating on that matter in Vienna, namely OPEC, IAEA, UNIDO and the International Institute for

Applied Systems Analysis. Those bodies had been working for almost a year on the preparation of joint programmes and expected to submit joint papers to the 1992 World Energy Conference. The oil sector had been taken into account by OPEC, and programmes had been prepared to avoid any duplication.

111. As to the industrial action plan for the least developed countries, he said that work was progressing very well and that a workshop attended by representatives of the least developed countries and international agencies was to be held from 19 to 23 August 1991, the results would be submitted to the General Conference.

112. As far as the Liaison Offices in New York and Geneva were concerned, he drew attention to the information on their work in chapter VI, paragraphs 29-41, of the annual report (IDB.8/10). UNIDO was one of ten specialized agencies with liaison offices in New York. The Liaison Office was needed because of the constant consultations required with UNDP, UNIDO's largest source of funding for technical assistance projects. Moreover, members of the New York Office attended some 150 meetings in New York every year. The Office was used to deal with several institutions in Washington, D.C., and for work in Latin America, in particular with the Inter-American Development Bank. It was also used for outreach programmes in the private sector in the United States of America, and it had established an office in Atlanta, Georgia, to promote investment programmes between United States and African entrepreneurs. The office also dealt with government agencies and the private sector in Canada and the United States. The investment promotion office in Washington, D.C. dealt with investment activities only.

113. As far as the Geneva Liaison Office was concerned, he pointed out that the source of information for some 23 permanent missions in Geneva accredited to UNIDO was that Office. Moreover, many other United Nations agencies with which UNIDO worked closely had liaison offices in Geneva. So many meetings were held there that it was cheaper to have them covered by the Liaison Office than to send staff members from Vienna.

114. References had been made to the need for the operational budget to finance technical assistance, and some explanations were needed in that regard. The expression "operational budget" was defined in Article 13.2 (b) of the Constitution as "Expenditures to be met from voluntary contributions to the Organization, and such other income as may be provided for in the financial regulations (referred to as the 'operational budget')". Article 13.4 read: "The operational budget shall provide for expenditures for technical assistance and other related activities".

115. Rule 101.2 of the financial rules provided that: "'Operational budget' shall mean the budget financed from voluntary contributions to the Organization, and from such other income as is provided for in the Financial Regulations, including the reimbursement of the support costs of technical assistance activities, which shall provide for expenditures for technical assistance and other related activities."

116. Clearly, then, the operational budget included not only the funds held in the support cost account but all the voluntary contributions received as well as income not forming part of the regular budget. Clearly, too, expenses charged to the operational budget consisted mainly of technical assistance cooperation and related expenditure. In the 1992-1993 budget, the estimated figure of $426 million for technical cooperation was part of the operational budget as defined in the Constitution. Traditionally, however, in the UNIDO budget, the term "operational budget" was a working title used to mean the support cost programme.

117. He assured the representative of Egypt that the regional Consultation on the petrochemical industry in the Arab countries would be convened without waiting for a new allocation of resources in the 1992-1993 budget. The budgetary allocation for 1990-1991 would be used to cover the cost of the preparatory activities required for the Consultation, which was scheduled to take place in the first quarter of 1992 in Cairo, in cooperation with the Egyptian Petroleum Institute. The Secretariat would appreciate official confirmation from the Government of Egypt. The preparatory activities for the Consultation would culminate in the global preparatory meeting expected to take place in the last quarter of 1991. The delay had been due to the situation in the Gulf and not to UNIDO's financial problems.

118. Replying to questions on the international centre for science and high technology, he drew attention to the fact that the terms of reference for the centre were set out in paragraphs 11 and 12 of document IDB.8/46. The centre would comprise three institutes: an institute for pure and applied chemistry, an institute for earth, environmental and marine sciences and technologies and an institute for high technology and new materials. The objectives of the centre were to stimulate and promote high-level research and development activities in-house as well as in laboratories in developing countries through training and the participation in the centre's research activities of scientists from those countries. It would provide an institution to which scientists from developing countries could come to conduct long-term research at an advanced level, and it was expected to develop into a focal point which would provide for the needs of scientists from developing countries in literature, modern instrumentation and facilities for the training of scientists and technicians. The activities of the centre were primarily in-house research, conferences, workshops and training courses, with emphasis on cooperation with industry and developing-country institutions.

119. Regarding suggestions for an independent coordinating advisory board, he pointed out that the structure proposed in document IDB.8/46 had been arrived at after detailed consultation. The centre was not expected to become an independent intergovernmental body. As a centre of

excellence, it should have the benefit of independent and professional advice from scientists as distinct from donors. The needs of the developing countries would be taken into account through interaction with the Third World Academy of Science, through the inclusion of scientists and technologists from the developing countries in the expert committees and in the "International Scientific Committee"; in the conduct of the training programmes, arrangements would be made to get feedback from the beneficiaries in order to evaluate the programmes.

120. Modalities could thus be established for the regular flow of information and views to the centre on the needs and priorities of the beneficiary institutions in the developing countries with a view to strengthening national efforts in developing countries and their application to industry. The process would have to be a continuous one, and it should be allowed to evolve.

121. The Secretariat had attempted to establish the centre after having determined that there was a strong demand from developing countries for access to technology in the centre's areas of competence. The centre would be financed purely from voluntary contributions and UNIDO would accept no financial liability for its operation. The Secretariat felt that the opportunity offered by a member country prepared to finance the centre should be seized for the benefit of the developing countries.

122. With regard to the International Centre for Genetic Engineering and Biotechnology, half of which was in India, successful seminars and programmes had been held in which many scientists from the developing countries had taken part.

123. He assured the representatives of the Ukrainian SSR and the USSR that UNIDO would participate fully in the United Nations programme for Chernobyl. A comprehensive programme would be ready in the near future.

124. Mr. GUTIERREZ LEYTON (Chile) thanked the Director-General for his remarks. However, he wished to reiterate that there had been shortcomings in the implementation of General Conference resolution GC.3/Res.9. The progress report on economic and technical cooperation among developing countries (IDB.8/29) contained no explicit mention of the private sector, or of the role that it might play in ECDC/TCDC. Insufficient consideration had been given to the possibility of effective South-South cooperation, on a direct basis between enterprises.

The meeting rose at 1.30 p.m.

Annex

SUMMARY OF A WRITTEN STATEMENT NOT READ AT THE MEETING

A statement not read at the meeting was submitted in writing to the Secretariat, and it was agreed that it should be reflected in the summary record. This statement is summarized below.

The delegation of SAUDI ARABIA said in its written statement on item 5 that UNIDO had been established with the objective of assisting in the establishment of a just and equitable economic order based on the elimination of economic inequalities and the establishment of rational and equitable international economic relations. The developing countries looked to UNIDO to help them in accelerating economic and industrial development in order to improve the quality of life of their peoples.

His delegation attached particular importance to item 5 (b), concerning economic and technical cooperation among developing countries. Funds allocated for that purpose should be increased. Use should be made of consultants and experts from developing countries, and possibilities should be explored for using equipment from developing countries, thus achieving savings in the cost of purchasing such equipment as well as promoting the economies of the supplying countries.

With regard to sub-item (d), concerning the Special Programme for the Industrial Development of Asia and the Pacific, his delegation appreciated UNIDO's efforts to assist the industrialization programmes of the least developed countries of the region, taking into account local conditions. The Organization's efforts to develop additional projects within priority areas were to be praised.

On sub-item (f), he said that his delegation regarded the development and transfer of technology as a vital issue for developing countries. UNIDO had a key responsibility in that regard, and he commended its role in efforts to establish an international centre for science and high technology.

Regarding sub-item (e), the development of human resources was a precondition for industrial development. His delegation supported the efforts of UNIDO in that field and urged that further projects should be developed in order to help develop specialized capabilities in developing countries, with special emphasis on regional training programmes and the strengthening of training institutions.

With regard to sub-item (g), energy was of great significance for economic growth. UNIDO should make every effort to provide developing countries with appropriate technologies for the production of energy and assist them in the development of optimum uses of energy for industrial purposes.

The role of UNIDO in seeking appropriate ways of avoiding environmentally negative effects of industrialization was very important.